

**Leveraging the CRF to Cover Qualified Payroll Costs if Local Governments
Pass Savings on in Form of Property Tax Relief**

Program Goals

- Allow city and county governments to opt into using CRF dollars to cover the payroll of public health and public safety employees if they agree to pass along the resulting budget savings to Idahoans in the form of property tax relief.
- Support our police, fire, and EMS employees and ensure there are no reductions in public safety during these unprecedented COVID-19 related challenges.
- Provide up to \$200 million in property tax relief to Idahoans.

Conditions of Participation

- The participating local government must pass along covered payroll savings to Idahoans in the form of property tax relief.
- The dollar amount of property taxes certified for the annual budget may not be increased by any growth factor, except for value shown on the new construction rolls and annexations (and other statutory exemptions). Thus, the local government may not take the 3% increase (or any percent increase) and may not use previous foregone.
- The participating local government must submit a notice of intent to participate and provide actual payroll data for the months of March - June as well as estimated payroll data for the months of July – December on the attached spreadsheet no later than July 17, 2020.
- If total amounts submitted by participating local governments exceeds \$200 million, CFAC will determine allocation of funds to participating local governments.
- On or before July 24, 2020, CFAC will provide each participating local government the maximum amount of payroll costs available to local government entities.
- On or before August 1, 2020, participating local governments must certify to DFM the amount of tax relief that they will provide citizens under this program a copy of which shall also be submitted with the county clerk and county treasurer of the respective county.

Payroll Definitions

For the purposes of this program, the following definitions apply:

- “Payroll costs” means the costs associated with salary, health benefits, and variable benefits, including retirement, health insurance, and workers comp. This does not include hazard pay or overtime benefits that have been or will be covered using other sources of federal funds.
- “Public health employees” means the following entities that the local government can attest have been substantially dedicated to COVID:
 - Personnel associated with the Idaho Public Health Districts.

- “Public safety employees” means the following entities that the local government can attest have been substantially dedicated to COVID:
 - County Sheriff deputies, including patrol, jail, and dispatch,
 - County coroners and coroner staff
 - Police officers,
 - Juvenile and adult detention and probation officers,
 - Firefighters,
 - Ambulance – inclusive of EMS and paramedics, and
 - Emergency management and emergency communications employees

How will CFAC Determine How Much of a Local Government’s Payroll Costs Will Be Covered?

- CFAC will need to develop an allocation to each government that opts-in to participating. Approximately \$188 million is available for allocation (in addition to the \$94 million that has already been allocated).
- The allocation per local government will be dependent on the number of entities that opt into participation.
- CFAC will look at an allocation based on population and on estimated payroll expenses.
- Each local government will be provided their allocation estimate by July 24, 2020. If all local governments opt-in, it is likely that the allocation will be less than the total payroll costs.

How Should Local Governments Submit their Notice of Intent by July 17, 2020?

- The clerk of the local government shall notify the CFAC chairman electronically no later than 5:00 p.m. MT on July 17th.
- The notification should note the local government’s intent to participate in this program and will serve as the basis of CFAC establishing an allocation for the local government.
- The notice should be emailed to Alex Adams, CFAC Chairman, at Alex.Adams@DFM.idaho.gov

How Should Local Governments Compute their Payroll for Submission by July 17, 2020

- Payroll costs will only be covered for the time period covered under the CARES Act:
 - March 1, 2020 through December 30, 2020.
- For public health employees, each county should:
 - Multiply its annual health district assessment by 0.8333 to cover the time period covered by the CARES Act (10 months).
 - Multiply the 10-month assessment by 0.80
- For governments that contract with public safety employees:
 - If the contract is with another government entity that is participating in this program, the public safety payroll should be submitted only by the entity directly providing the service. This will avoid duplicate billing for the same employees.

- If the contract is with a private company or with another government entity that is NOT participating in this program, the county should ascertain the amount of the contract that is dedicated to personnel costs.
 - If this information is not readily available from the contractor, the government may multiply the contract by 0.50

How Should Local Governments Certify Their Property Tax Levy?

- The local government should certify their property tax with the State Tax Commission through normal procedures.
- To participate, the dollar amount of property taxes certified for the annual budget may not be increased by any growth factor, except for value shown on the new construction rolls and annexations (and other statutory exemptions).
- The amount of property tax relief will not be certified on the L2 as this will be provided separately by the participating local government.

How will Payroll Costs be Reimbursed?

- After completing their certification of property tax levy, each participating city and county government must submit to DFM their final intent to participate in the property tax relief program as well as the amount of property tax relief that they will provide citizens under this program by September 18, 2020.
- By September 18, 2020, each city and county government must submit documentation to the State Controller on their actual public health and public safety payroll expenses from March 1 through August 30, and their estimated payroll expenses through December 30.
- By October 1, 2020, DFM shall notify county treasurers of the amount of property tax relief for county residents.
- By December 15, 2020, the State Controller sends a check to city and county governments for covered payroll costs:
 - The covered amount must be within the CFAC allocation established for each city/county; **and**
 - The covered amount must not exceed 103% of the property tax relief certified on or before September 20, and may not exceed actual payroll costs, whichever amount is less.

Table 1. Example Local Government

Variable	City 1	City 2
CFAC Allocation	\$5,000,000	\$10,000,000
Certified Property Tax Relief	\$2,000,000	\$5,000,000
Public Health and Public Safety Payroll	\$3,000,000	\$5,500,000

Amount of Payroll to be Reimbursed by Coronavirus Relief Fund	\$2,060,000	\$5,150,000
Description	Reimbursed at 103% of certified property tax relief and within CFAC allocation	Reimbursed at 103% of certified property tax relief and within CFAC allocation

How Will Taxpayers See the Property Tax Savings?

- Property tax savings will show up as a credit on the property tax notice.
- The property tax credit will reduce the overall amount of property taxes paid by Idaho taxpayers.

Who Can I Contact for More Information?

- Alex Adams, CFAC Chairman
Alex.Adams@DFM.idaho.gov
(208) 854-3053